

Left behind: State of Working Ohio 2015

By Amy Hanauer

Productivity isn't enough: America's economy is expanding, but almost all of us are being left out of that growth. Nationwide, productivity grew 238 percent between 1948 and 2014, while average worker compensation grew only 109 percent. This is in stark contrast to the middle of the twentieth century when productivity and compensation both roughly doubled. Ohio's economy has grown less quickly than the nation's, but has still grown much more than our compensation, which has gone backward since 1979 on average. Ohio productivity rose 66.9 percent between 1979 and 2014 while inflation-adjusted hourly compensation over that period actually fell, by 1.1 percent.

Ohio needs jobs: More than six years into the official recovery from the last recession, Ohio has not yet recovered the jobs we lost. The country as a whole and most states passed that threshold over a year ago. Ohio had 35,400 fewer jobs in June 2015 than it had when the recession officially started in December 2007, a 0.7 percent loss. The nation added 2.5 percent to its job base over that period. Ohio has underperformed the nation over various time periods – since June 2005 when Ohio passed tax cuts targeted to the wealthiest in the name of job creation; since January 2011 when John Kasich became governor; since December 2007, when the recession started; and over the last year, since July 2014. By June 2015, the most recent revised data available, we had 5,384,200 jobs in Ohio, still more than 240,000 jobs shy of 2000, the peak job year.

Leaving the labor market: Ohio labor force participation rose steadily through the '80s and '90s but has shrunk since 2003. In 2014, it was at a historically low 62.8 percent, lower than at any time since 1979. Since the recession began, Ohio's labor force has shrunk by 236,000 people (through June).

Unemployment improves: Overall unemployment in Ohio and the nation are half what they were at the heights of the recent recession. Ohio's black workers struggle with much higher unemployment: At 11.9 percent, Ohio's African-American unemployment rate was well over twice that facing white workers (4.7 percent) for 2014 (state level demographic unemployment data available only at year end). Though both men and women experienced high unemployment in the recent recession, men's job loss was worse. Both had much better rates of unemployment by July, and they are closer together, at 5.9 percent for men and 5.2 percent for women.

Out of control inequality: The top one percent of Ohioans had an average income of more than \$852,000 in 2012, while the bottom 99 percent of Ohioans combined had an average income of just over \$40,000. Inequality is even higher at a national level.

Wages in quicksand: Ohio's median wage, once more than 8.7 percent above that of the nation, was over 5 percent less than the national in 2014. Ohio's median wage dipped slightly last year to \$16.05 an hour and remains lower than in all but eight of the last 36 years, adjusted for inflation. This is at

the heart of what remains wrong with the Ohio labor market – regular Ohioans are left out of our productivity growth. The entire bottom 80 percent of the earnings spectrum is earning less than comparable workers did in 1979, adjusted for inflation.

Gender gap: Men still earn \$3.30 more each hour than women do at the median in Ohio. The gender wage gap has gotten smaller but much of that is due to male wage decline. The median female worker has gone from earning about 61 percent of the median male to 82 percent since 1979. Women earned \$14.64 per hour at the median in 2014, compared to \$17.94 for men.

Race woes: Ohio's racial wage gap has widened despite white wage decline over the past decade and a half. Black workers earned over 90 percent of what white workers earned per hour in 1979; by last year that ratio was just over 75 percent. White workers earned \$16.87 an hour at the median in 2014, down from a peak of \$17.81 in 2002. Black worker wages in Ohio have plunged, never recovering to their 1979 level of \$15.90 in 2014 dollars. Last year, Ohio's median black worker earned just \$12.81 an hour, a more than \$3.00 hourly pay cut since the peak a few decades ago. Data limitations prevent us from providing details about other demographic groups except to say Hispanics as a group earn less than black or white workers.

Unions help: Unionized workers earned about 32 percent more than non-union workers in 2014, \$20.17 an hour compared to \$15.27. Unions help workers of all demographic groups: Male workers in a union earn 8 percent more than non-union men, women earn nearly 22 percent more, white workers earn 12 percent more, and unionized black workers earn a whopping 35 percent more than non-unionized black workers.

Education issues: Ohio workers with at least a Bachelor's degree earned \$24.90 in 2014, more than two and a half times as much as workers without a high school degree, who earned only \$9.94 that year at the median. Wages of those with less education have plunged. While all workers benefit from getting a high school or college degree, at every educational level white workers earn more than black workers. Men earn more than women with the same education levels, with the exception of men and women who lack a high school degree, both of whom earn just \$9.80 an hour at the median.

Many sectors struggle: Most sectors in Ohio have lost jobs since the beginning of the recession. As of June 2015, Ohio had lost more than 69,000 manufacturing jobs; more than 42,000 government jobs; more than 41,000 jobs in trade, transportation and utilities; and more than 34,000 construction jobs. Through June, Ohio gained more than 170,000 jobs combined in education and health services, leisure and hospitality, and professional and business services.

Poverty pay: Of all Ohio families earning less than 200 percent of the federal poverty level, nearly 70 percent are working. Between 2005 and 2013, the share of working families that earn less than 200 percent of poverty has expanded in Ohio, growing from 26 percent in 2005 to 32 percent in 2013.

We can do more: While many of the numbers are grim, we see a renewed commitment by many activists, advocates and regular Ohioans to create an Ohio economy that works. Some solutions that are generating excitement include raising Ohio's minimum wage, building a stronger union economy, investing in childcare and early education, restoring public jobs and social services, and getting what we need from federal policy. We welcome you to join the conversation.

